

Financial Statements
International Foundation for the
Protection of Human Rights Defenders -
"Front Line Defenders"

For the Financial Year Ended 31 December 2016

Front Line Defenders

Trust Information

Trustees

Kieran Mulvey
Denis O'Brien
Jim Conway
Noeline Blackwell
David Sykes
Maria Mulcahy
Mary Lawlor
Mary Jane Real
Arnold Tsunga

Registered number

CHY 14029

Registered office

2nd Floor
Grattan House
Temple Road
Blackrock
Co. Dublin

Independent auditors

Grant Thornton
Chartered Accountants & Statutory Audit Firm
Molyneux House
Bride Street
Dublin 8

Bankers

Bank of Ireland
Blackrock
Co. Dublin

ING SA/NV
Siege de Bruxelles
Cours Saint Michel 60
1040 Bruxelles
Belgium

Solicitors

William Fry Solicitors
2 Grand Canal Square
Dublin 2

Front Line Defenders

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Front Line Defenders

Trustees' Report

For the Financial Year Ended 31 December 2016

The trustees present their annual report and the audited financial statements for the financial year ended 31 December 2016.

Principal activities and review of the business

Front Line is working to ensure that the principles and standards set out in the UN Declaration on Human Rights Defenders are known, respected and adhered to worldwide. It was set up as a Trust under the Trustee Act 1893 and achieved charitable status in August 2002.

Review of activities in 2016

During 2016 Front Line Defenders continued to focus resources and energy on the rapid and practical support for the protection of human rights defenders at risk in line with our aims and objectives and the Strategic Plan 2015-2018. Throughout the year, human rights defenders gave a strong reaffirmation of the work undertaken:

"I have found [FLD ID cards] to be extremely valuable as a HRD. I have used it when negotiating with police when applying to organize demonstrations. I have also used it with the prison authorities when trying to meet detainees. They sometimes think I'm from an INGO or even the UN."

"Some participants may not be alive if not for the training. They were not sure how to communicate before elections, and now they are still using what they learned at the training."

"This grant helped us find a secure home and transportation. This facility allowed us to secure our activities from the extremists. The grant allows us to stay safe and restart our work, that we have been doing for 15 years."

In 2016 Front Line Defenders supported a total of 1854 HRDs in 102 countries.

Front Line Defenders issued 274 Urgent Appeals on behalf of 398 individuals at risk in 68 countries and undertook advocacy with the relevant national authorities, submitted cases to the UN and regional mechanisms and lobbied the EU to take action on 155 of the cases.

The Front Line Defenders Protection Grants Programme provided 480 grants, totalling €1,200,570 to 494 individuals and 90 organisations at risk in 72 countries. 140 grants were provided for temporary relocations.

Front Line Defenders carried out 51 field visits to 38 countries.

153 HRDs from 26 countries participated in 12 trainings on risk analysis and protection.

268 HRDs from 25 countries participated in 21 digital protection trainings.

156 HRDs and 96 human rights organisations in 41 countries were supported by Digital Protection Consultants through 53 visits.

26 HRDs were supported through the Rest & Respite Programme.

The Front Line Defenders Award was presented to Ana Mirian Romero from Honduras, an indigenous and land rights defender with Movimiento Indígena Lenca de la Paz (MILPAH).

Czech Professor Jan Sokol spoke on the topic of 'Dictatorship to Democracy' at the Annual Front Line Defenders Lecture, held in partnership with University College Dublin and Trinity College Dublin.

Trustees' Report (continued)

For the Financial Year Ended 31 December 2016

Front Line Defenders published “Victim Blaming: Bangladesh’s Failure to Protect Human Rights Defenders,” a report that investigates the wider implications of the killings of HRDs and bloggers in the south Asian nation.

The context in which Front Line Defenders operates continues to be challenging. Throughout 2016 human rights defenders in every region of the world faced attacks because of their work to advance and defend the human rights of their communities. They were targeted by both state and non-state actors who sought to discourage, discredit and disrupt their non-violent activities. Smear campaigns and stigmatisation were widely employed, though legal action remained the most commonly used state tactic. The number of killings in 2016 represented an increase to the number reported in the previous year. 281 were murdered in 25 countries. 49% of these defenders were working to defend land, indigenous and environmental rights. In the vast majority of cases perpetrators were not brought to justice, nor did any systematic changes take place to better ensure the protection of defenders in countries where they are most at risk of assassination.

The organisation continued to review and revise its activities in the light of feedback from human rights defenders and learnings from the activities undertaken, including through evaluations conducted in Morocco and Myanmar. The Annual Business Plan for 2017 will remain consistent with 2016 with the addition of a Protection Coordinator for West and Central Africa and piloting a Security Advisor project to provide one-to-one consultancies on physical and organisational security. The core focus will continue to be on protection grants, training, advocacy on individual cases and campaigning around visibility & legitimacy for HRDs at risk.

Income generation during 2016 was positive and on target. Income projections for 2017 are robust given the significant number of multi-annual funding arrangements in place. The main focus of attention will be on grant renewals and income generation focused on 2018 and beyond.

Impact

The organisation continued to review and monitor impact in accordance with the Results Framework agreed as part of our contract with Irish Aid. Some highlights from 2016 included:

- 84% of HRDs reported that they have been able to continue or return to work as a result of having received Protection Grant support;
- 96% of HRDs reported having implemented a security plan as a result of the training;
- 77% of HRDs reported using digital security tools as a result of training.

Results for the year

The income and expenditure account and balance sheet for the year are set out on pages 8-9. Income is raised on the basis of specific projects such as IT / website security and general support from governments, individuals and private foundations.

Events since the year end and future developments

As Front Line Defenders has grown and its activities have become more complex, the Trustees have determined that the goals of the organisation would be best served by conducting activities through a corporate vehicle rather than through a trust. For this reason, the Board of Trustees has resolved to transition the charity to a company and has arranged for the incorporation in Ireland of a company by the same name of the Trust. All staff, assets and the operations of Front Line Defenders will transfer from the Trust to the Company at a single point in time in the course of 2017.

Front Line Defenders

Trustees' Report (continued)

For the Financial Year Ended 31 December 2016

Accounting records

The Trustees are responsible for ensuring that proper books and records are maintained. The Trustees through the use of appropriate procedures and systems and the employment of competent persons have ensured that measures are in place to secure compliance with these requirements. These accounting records are maintained at its place of business at 2nd Floor, Grattan House, Temple Road, Blackrock, Co. Dublin.

Risk management

The risk management document was reviewed in November 2016 together with the triggers, consequences, mitigation steps and persons responsible. The following continue to be the potential risks that are most serious:

1. The risk of harm coming to a human rights defender as a result of Front Line Defenders action (or inaction);
2. The safety of Front Line Defenders staff or representatives in the field;
3. The risk of losing key staff/leadership;
4. The risk of a decline in funding/loss of a key funder;
5. The risk of an incident seriously damaging the reputation of Front Line Defenders, particularly through publishing false information or through fraud/mismanagement of funds.

The risk listed at point 3 above occurred in 2016 when the Executive Director retired. Mitigation steps were implemented by the persons identified in the risk management document and in accordance with the succession plan. The Trustees appointed a new Executive Director in November 2016.

Governance

The Front Line Defenders Board of Trustees is responsible for the approval of strategic plans, annual business plans and budgets, and signs off on the statutory accounts. The Board delegates the day to day running of the organisation to the Executive Director who is responsible and accountable for the implementation of the Annual Business Plan and Budget. The Board also plays a role in approving security grants in between Board meetings. The Board met in February, June and December 2016.

Front Line Defenders adheres to the Dochas Code on Corporate Governance and a number of procedures and policies, including an Equal Opportunities Policy adopted in May 2014, are in place in that regard. These documents together with a Trustees' Handbook, the Strategic Plan, the audited accounts and other key documents are available on the Front Line Defenders' website. An Audit Sub-Committee of the Board is in place.

We are fully compliant with Financial Reporting Standard 102 and we have started the process of becoming SORP compliant. We aim to be fully SORP compliant by the end of 2017.

Front Line Defenders

Trustees' Report (continued)

For the Financial Year Ended 31 December 2016

Reserves

The Board of Trustees has a Reserves Policy in place which states:

Unrestricted funds consist of general funds which are expendable at the discretion of the Board in furtherance of the objectives of the charity.

Designated funds represent amounts that Front Line Defenders has at its discretion set aside for specific purposes, which would otherwise form part of the general reserves of the organisation.

In order to secure the long term viability of Front Line Defenders and to maintain the smooth operation of the organisation, it is critical to ensure access to adequate funding.

Front Line Defenders has the ability to request additional funding from a Donor Trust in the event of experiencing severe financial strain. The Board believes this facility would ensure the continued operation of the organisation, based on historical running costs and program expenditure.

The Board of Trustees has calculated that the optimum reserve level for the organisation would be a figure that reflects 12 months operational overhead costs plus a calculation of winding up costs. This figure will be updated on an annual basis. This equates to a reserve fund balance requirement of €5.3M which is now allocated to a specific fund.

The Donor Trust has confirmed to the Front Line Defenders Board of Trustees that this sum is available and also that at least one quarter of the reserve fund is available on a short notice to facilitate any short term liquidity issues.

Any interest accrued by the Donor Trust will in the first instance be used to ensure the balance held will cover the optimum reserve level set in this policy. In years where the funds held in the Donor Trust are sufficient to cover the optimum reserve level any interest can be drawn down to support the ongoing work of Front Line Defenders.

Statement on relevant audit information

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as the Trustee is aware, there is no relevant audit information of which the Trust's auditors are unaware, and
- the Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

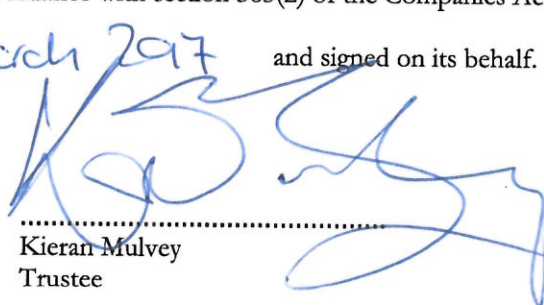
Auditors

The auditors, Grant Thornton, continue in office in accordance with section 383(2) of the Companies Act 2014.

This report was approved by the board on 31 March 2017 and signed on its behalf.



David Sykes
Trustee



Kieran Mulvey
Trustee

Trustees' Responsibilities Statement

For the Financial Year Ended 31 December 2016

The trustees are responsible for preparing the 'Trustees' Report and the financial statements in accordance with Generally Accepted Accounting Practice in Ireland including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and promulgated by the Institute of Chartered Accountants in Ireland.

The trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the trust as at the financial year end date and of the surplus or deficit of the trust for the financial year end.

In preparing these financial statements, the trustees are required to:

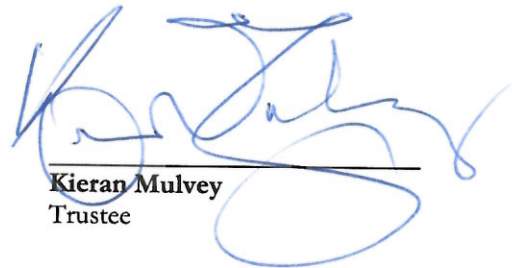
- select suitable accounting policies for the financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the trust will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the trust and enable them to ensure that the financial statements comply with the Trustee Act 1893. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



David Sykes
Trustee



Kieran Mulvey
Trustee

Date: 31 March 2017

Independent Auditors' Report to the Trustees of Front Line Defenders

We have audited the financial statements of Front Line Defenders for the financial year ended 31 December 2016, which comprise the Statement of Comprehensive Income and Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the trustees, as a body. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trustees, for our audit work for this report or for the opinions we have formed.

Respective responsibilities of Trustees and the Auditor

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Trustee Act 1893. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the assets, liabilities and financial position of the Trust as at 31 December 2016 and of its surplus for the financial year then ended; and
- have been properly prepared in accordance with the requirements of the Trustee Act 1893.

Independent Auditors' Report to the Trustees of Front Line Defenders

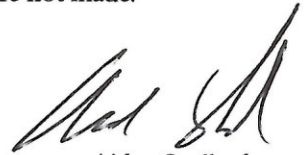
Matters on which we are required to report

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Trust were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Trustees' Report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Trustee Act 1893 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Molyneux House
Bride Street
Dublin 8



Aidan Scollard
for and on behalf of
Grant Thornton
Chartered Accountants
& Statutory Audit Firm

31 MARCH 2017

Statement of Comprehensive Income and Retained Earnings

For the Financial Year Ended 31 December 2016

	Note	2016 €	2015 €
Income	4	4,688,841	4,734,864
Expenditure			
Conference		(4,896)	(376,822)
Programme costs		(2,772,865)	(2,554,693)
Administration expenses		(342,973)	(332,611)
Wages, salaries and labour costs		(1,567,468)	(1,470,536)
Operating surplus before interest	5	639	202
Interest receivable and similar income	7	265	624
Operating Surplus for the Year		904	826
Retained earnings at the beginning of the financial year		128,016	127,190
Surplus for the financial year		904	826
Retained earnings at the end of the financial year		128,920	128,016

All amounts relate to continuing operations.

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income and retained earnings.

There was no other comprehensive income during 2016 or 2015.

The notes on pages 11 to 21 form part of these financial statements.

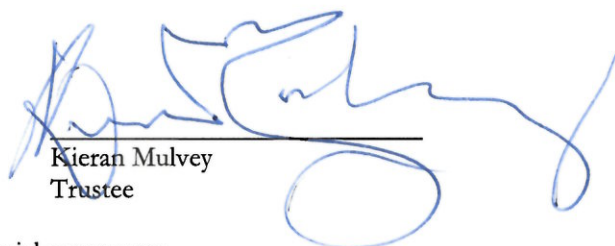
Statement of Financial Position

As at 31 December 2016

	Note	2016 €	2016 €	2015 €	2015 €
Fixed assets					
Tangible assets	8		21,484		16,943
			<u>21,484</u>		<u>16,943</u>
Current assets					
Debtors: amounts falling due within one year	9	345,902		5,354,919	
Cash at bank and in hand	10	562,038		655,162	
		<u>907,940</u>		<u>6,010,081</u>	
Creditors: amounts falling due within one year	11	(800,504)		(5,899,008)	
Net current assets			<u>107,436</u>		<u>111,073</u>
Total assets less current liabilities			<u>128,920</u>		<u>128,016</u>
Net assets			<u>128,920</u>		<u>128,016</u>
Capital and reserves					
Profit and loss account	13		<u>128,920</u>		<u>128,016</u>
Shareholders' funds			<u>128,920</u>		<u>128,016</u>



David Sykes
Trustee



Kieran Mulvey
Trustee

The notes on pages 11 to 21 form part of these financial statements.

Front Line Defenders

Statement of Cash Flows

For the Financial Year Ended 31 December 2016

	2016 €	2015 €
Cash flows from operating activities		
Surplus for the financial year	904	826
Adjustments for:		
Depreciation of tangible assets	13,139	13,011
Interest received	(265)	(624)
Decrease/(increase) in debtors	5,009,017	(5,316,203)
(Decrease)/increase in creditors	(5,098,504)	4,605,720
Net cash generated from operating activities	<u>(75,709)</u>	<u>(697,270)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(17,680)	(9,732)
Interest received	265	624
Net cash from investing activities	<u>(17,415)</u>	<u>(9,108)</u>
Net (decrease) in cash and cash equivalents	<u>(93,124)</u>	<u>(706,378)</u>
Cash and cash equivalents at beginning of financial year	655,162	1,361,540
Cash and cash equivalents at the end of financial year	<u><u>562,038</u></u>	<u><u>655,162</u></u>
Cash and cash equivalents at the end of financial year comprise:		
Cash at bank and in hand	562,038	655,162
	<u><u>562,038</u></u>	<u><u>655,162</u></u>

The notes on pages 11 to 21 form part of these financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2016

1. General information

Front Line Defenders was founded and became a registered Charity in 2002 in the Republic of Ireland with a registered office at 2nd Floor Grattan House, Temple Road, Co. Dublin.

Front Line Defenders currently operates as a trust.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Trust's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office Equipment	- 5 years
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.3 Foreign exchange and functional currency

Transactions during the year have been translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rates of exchange ruling at the balance sheet date. The resulting surplus or deficits are dealt with in the income and expenditure account.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2016

2. Accounting policies (continued)

2.4 Pensions

Pension benefits for employees are met by payments to a defined contribution pension fund. Contributions are charged to the income statement in the year in which they fall due. Differences between the amounts charged in the income statement and payments made to pension funds are treated as assets or liabilities.

2.5 Grants

Grants are credited to the income and expenditure account when there is reasonable assurance that:

- (i) the Trust will comply with the conditions of the grant agreement; and
- (ii) the grant will be received.

The Trust recognises grant income based on the performance and is applied on a class-by-class basis.

Under the performance model grant income is recognised as follows:

- (i) Where there are specified future performance-related conditions, the grant income is recognised when the performance-related conditions are met.
- (ii) Where there are no specified future performance-related conditions, the grant income is recognised when the grant proceeds are received or receivable.
- (iii) Where grant income is received before the revenue recognition criteria are satisfied the income is recognised as a liability.

Under the accrual model grant income is recognised as follows:

- (i) Grants relating to revenue shall be recognised in income on a systematic basis over the term of the grant agreement entered into line with the related costs for which the grant is intended to compensate.
- (ii) Where a grant is receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the trust with no future related costs, the income is recognised in the period in which it becomes receivable.

2.6 Donations

Donations are credited to the income and expenditure account as received.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2016

2. Accounting policies (continued)

2.7 Reserves

Unrestricted funds consist of general funds which are expendable at the discretion of the Board in furtherance of the objectives of the charity.

Designated funds represent amounts that Front Line Defenders has at its discretion set aside for specific purposes, which would otherwise form part of the general reserves of the organisation.

In order to secure the long term viability of Front Line Defenders and to maintain the smooth operation of the organisation, it is critical to ensure access to adequate funding.

Front Line Defenders has the ability to request additional funding from a Donor Trust in the event of experiencing severe financial strain. The Board believes this facility would ensure the continued operation of the organisation, based on historical running costs and program expenditure.

The Board of Trustees has calculated that the optimum reserve level for the organization would be a figure that reflects 12 months operational overhead costs plus a calculation of winding up costs. This figure will be updated on an annual basis. This equates to a reserve fund balance requirement of €5.3M which is now allocated to a specific fund.

The Donor Trust has confirmed to the Front Line Defenders Board of Trustees that this sum is available and also that at least one quarter of the reserve fund is available on a short notice to facilitate any short term liquidity issues.

Any interest accrued by the Donor Trust will in the first instance be used to ensure the balance held will cover the optimum reserve level set in this policy. In years where the funds held in the Donor Trust are sufficient to cover the optimum reserve level any interest can be drawn down to support the ongoing work of Front Line Defenders.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Trust's cash management.

2.9 Financial instruments

The Trust only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest

Notes to the Financial Statements

For the Financial Year Ended 31 December 2016

2. Accounting policies (continued)

2.9 Financial instruments (continued)

that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Trust would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Operating leases: the Trust as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

2.12 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The directors do not consider there to be any significant judgements or estimates used in the preparation of these financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2016

4. Turnover

An analysis of turnover by class of business is as follows:

	2016 €	2015 €
Government Income	2,535,982	2,351,474
Non Governmental Organisation Income	294,055	303,431
Trusts and Foundation Income	1,465,158	1,806,121
Public Donations	38,900	63,326
Other	97,746	93,512
Fund Income	257,000	117,000
	<u>4,688,841</u>	<u>4,734,864</u>

5. Surplus on ordinary activities

The operating surplus is stated after charging:

	2016 €	2015 €
Depreciation of tangible fixed assets	13,139	13,011
Operating lease rentals	56,483	56,483
Defined contribution pension costs	50,138	52,977
	<u>119,760</u>	<u>122,471</u>

Front Line Defenders

Notes to the Financial Statements

For the Financial Year Ended 31 December 2016

6. Employees

Staff costs were as follows:

	2016 €	2015 €
Wages and salaries	950,507	928,302
Social welfare costs	92,807	86,384
Pension costs	50,138	52,977
Field salaries	301,691	256,259
International Advocacy salaries	172,325	146,614
Redundancy costs	-	25,000
	<u>1,567,468</u>	<u>1,495,536</u>

Capitalised employee costs during the financial year amounted to €NIL (2015 - €NIL).

The average monthly number of employees, including the Trustees, during the financial year was as follows:

	2016 No.	2015 No.
Management	3	3
Researchers	9	8
Finance	4	3
Training and Communications	8	6
Administration	4	5
	<u>28</u>	<u>25</u>

The number of employees whose emoluments, excluding employer pension contributions, were greater than €60,000 was as follows:

	2016 €	2015 €
€60,001 - €70,000	2	3
€70,001 - €80,000	2	1
€80,001 - €90,000	-	1
€90,001 - €100,000	1	1
€100,001 - €110,000	1	-
€110,001 - €120,000	-	1
	<u>-</u>	<u>1</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2016

7. Interest receivable

	2016 €	2015 €
Bank interest	265	624

8. Tangible fixed assets

	Office equipment €	Computer equipment €	Total €
Cost or valuation			
At 1 January 2016	47,706	103,494	151,200
Additions	3,490	14,190	17,680
At 31 December 2016	<u>51,196</u>	<u>117,684</u>	<u>168,880</u>
Depreciation			
At 1 January 2016	44,982	89,275	134,257
Charge for period on owned assets	2,619	10,520	13,139
At 31 December 2016	<u>47,601</u>	<u>99,795</u>	<u>147,396</u>
Net book value			
At 31 December 2016	<u>3,595</u>	<u>17,889</u>	<u>21,484</u>
At 31 December 2015	<u>2,724</u>	<u>14,219</u>	<u>16,943</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2016

8. Tangible fixed assets (continued)

In respect of prior year:

	Office equipment €	Computer equipment €	Total €
Cost or valuation			
At 1 January 2015	47,706	93,762	141,468
Additions	-	9,732	9,732
At 31 December 2015	47,706	103,494	151,200
Depreciation			
At 1 January 2015	40,057	81,189	121,246
Charge for period on owned assets	4,925	8,086	13,011
At 31 December 2015	44,982	89,275	134,257
Net book value			
At 31 December 2015	2,724	14,219	16,943
At 31 December 2014	7,649	12,573	20,222

Notes to the Financial Statements

For the Financial Year Ended 31 December 2016

9. Debtors

	2016 €	2015 €
Prepayments	43,259	40,767
Accrued income	298,321	417,966
Other debtors	4,322	4,896,186
	<u>345,902</u>	<u>5,354,919</u>

10. Cash and cash equivalents

	2016 €	2015 €
Cash at bank and in hand	<u>562,038</u>	<u>655,162</u>

11. Creditors: Amounts falling due within one year

	2016 €	2015 €
Trade creditors	90,970	113,981
Accruals	54,584	19,565
Deferred government grants & income	623,617	865,356
PAYE/PRSI	25,896	27,629
Other creditors	5,437	4,872,477
	<u>800,504</u>	<u>5,899,008</u>

Trade creditors are payable at various dates over the coming months in accordance with the suppliers usual and customary credit terms.

PAYE/PRSI are payable at various dates over the coming months in accordance with the applicable statutory provision.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2016

12. Financial instruments

	2016 €	2015 €
Financial assets		
Financial assets measured at amortised cost	<u>567,053</u>	<u>5,555,288</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(150,991)</u>	<u>(5,006,023)</u>

Financial assets measured at amortised cost comprise cash at bank, pension contribution and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and other creditors

13. Unrestricted reserves

Unrestricted reserves comprises of all current and prior year surplus and deficits and may only be utilised as a means to discharge the operations of the trust.

14. Pension commitments

The Trust operates a defined contributions pension scheme for the benefit of the employees. The assets of the scheme are administered by the trustees in a fund independent from those of the Trust.

Contributions at the Balance Sheets date were €693 (2015: €Nil). The pension cost charge represents contributions payable by the Trust to the fund, and amounted to €50,138 (2015: €52,977).

15. Commitments under operating leases

At 31 December 2016 the Trust had future minimum lease payments under non-cancellable operating leases as follows:

	2016 €	2015 €
Not later than 1 year	56,483	56,483
Later than 1 year and not later than 5 years	56,483	56,483
Later than 5 years	118,227	174,710
	<u>231,193</u>	<u>287,676</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2016

16. Related party transactions

The Trust receives interest income on an annual basis from a fund held by a Donor Trust. This Trust was set up in 2001 following a large donation being made from one of the Trustees, Denis O'Brien. Income is recognised in the financial statements on a receipts basis. Front Line Defenders only draws income from the Fund on an as needed basis.

For further details on the operations between Front Line Defenders and the Donor Trust please refer to the Trust's reserve policy set out in Note 2.

17. Financial commitments

The trustees are not aware of any material commitments entered into during the financial year which have not been adequately reflected in these financial statements.

18. Post balance sheet events

As Front Line Defenders has grown and its activities have become more complex, the Trustees have determined that the goals of the organisation would be best served by conducting activities through a corporate vehicle rather than through a trust. For this reason, the Board of Trustees has resolved to transition the charity to a company and has arranged for the incorporation in Ireland of a company by the same name of the Trust. All staff, assets and the operations of Front Line Defenders will transfer from the Trust to the Company at a single point in time in the course of 2017.

19. Approval of financial statements

The trustees approved these financial statements for issue on

31 March 2017.

Front Line Defenders

Detailed surplus and deficit account

For the Financial Year Ended 31 December 2016

		2016 €	2015 €
Income	4	4,688,841	4,734,864
Expenditure			
Conference		(4,896)	(376,822)
Programme		(2,772,865)	(2,554,693)
Administration		(342,973)	(332,611)
Wages, salaries and labour costs		(1,567,468)	(1,470,536)
Operating profit	5	639	202
Interest receivable		265	624
		<u>904</u>	<u>826</u>

Front Line Defenders

Schedule to the Detailed Accounts

For the Financial Year Ended 31 December 2016

Income

	2016 €	2015 €
Government Income		
Irish Aid	483,690	483,690
The Norwegian Royal Ministry of Foreign Affairs	390,055	426,719
The Dutch Ministry of Foreign Affairs	300,000	100,000
The Swiss Federal Department of Foreign Affairs	98,500	115,165
SIDA	313,766	448,022
German Government	30,000	-
The European Instrument for Democracy	159,345	265,023
EIDHR Consortium	565,884	134,893
Lifeline	194,742	377,962
	2,535,982	2,351,474
Non Governmental Organisation Income		
Bread for the World	51,800	20,892
Hivos	201,000	232,174
American Jewish World Service	41,255	50,365
	294,055	303,431
Voluntary Income		
Oak Foundation	183,333	200,000
Sigrid Rausing Trust	190,392	344,707
Foundation Open Society Institute	424,443	530,138
Arcus Foundation	38,327	43,127
Channel Foundation	4,633	13,220
Roddick Foundation	12,089	31,164
Foundation for a Just Society	181,224	147,834
The Overbrook Foundation	45,500	52,379
Fairwind Foundation	4,470	17,182
Front Line USA	40,593	-
Tides Foundation	12,983	13,589
Henrietta Goelet	27,354	-
Ford Foundation	12,373	-
RSF Social Finance	43,752	-
Helmsley Trust	2,508	-
Marisla Foundation	44,084	-
Anonymous	197,100	192,813
Anonymous	-	11,006
Taiwan Foundation for Democracy	-	8,962
Adessium Foundation	-	200,000

Front Line Defenders

Schedule to the Detailed Accounts

For the Financial Year Ended 31 December 2016

Income (continued)

	<u>1,465,158</u>	<u>1,806,121</u>
Other		
Failte Ireland	2,200	-
Other Sources	95,546	37,448
Dublin Castle	-	36,770
York University	-	1,786
NGO Registration Fee	-	17,508
	<u>97,746</u>	<u>93,512</u>
Fund Income	<u>257,000</u>	<u>117,000</u>
Public Donations		
Donations	38,900	63,326
Total Income	<u><u>4,688,841</u></u>	<u><u>4,734,864</u></u>

Front Line Defenders

Schedule to the Detailed Accounts

For the Financial Year Ended 31 December 2016

Expenditure

	2016 €	2015 €
Conference		
Venue	-	37,263
Catering	-	31,005
Staff Translators and Volunteer Expenses	333	54,786
Printing, Postage and Stationery	-	2,868
Travel and Accommodation	-	199,937
Audio Visual	-	3,626
Contingency and Sundry	-	35,520
PR & Press	4,563	11,817
	4,896	376,822
Programme		
Development Research and Travel	43,264	47,547
Grants	1,200,570	1,182,542
Promotion and Advertising	364,944	295,339
Workshops	568,432	419,379
Fellowship Programme Sponsorship	103,412	73,854
Translation	58,451	54,884
Security in a box	40,052	29,661
Emergency Line 24/7	8,286	3,749
Field Expenses	120,187	83,319
Internships	191,640	180,272
Protection Project	53,680	160,332
International Advocacy	9,084	12,204
Evaluations	10,863	11,611
	2,772,865	2,554,693
Administration		
Telephone	10,940	11,889
Postage, Stationery and Couriers	19,412	18,884
Office Maintenance	20,608	13,362
Rent and Rates	56,483	56,483
Volunteer Expenses	1,513	1,130
Audit Fee	5,500	5,500
Bookkeeping and Professional fees	15,838	13,464
Fundraising	29,039	27,062
Bank Charges	16,433	14,469
Insurance	24,658	21,801
Staff Training and Recruitment	13,010	14,734

Front Line Defenders

Schedule to the Detailed Accounts

For the Financial Year Ended 31 December 2016

Expenditure (continued)

IT Systems	68,310	79,983
Brussels Office Costs	28,393	19,985
Professional Membership Fee	2,640	2,261
Sundry Expenses	11,047	7,718
Depreciation	13,139	13,011
Trust Meetings	6,010	10,875
	<u>342,973</u>	<u>332,611</u>

Wages, Salaries and Labour Costs

Wages and salaries	950,507	903,302
Field salaries	301,691	256,259
International Advocacy salaries	172,325	146,614
Employers PRSI	92,807	86,384
Redundancy payment	-	25,000
Pension	50,138	52,977
	<u>1,567,468</u>	<u>1,470,536</u>

Interest receivable

	2016	2015
	€	€
Bank interest receivable	<u>265</u>	<u>624</u>